

TOWNSHIP OF READING  
(Hillside)

AUDIT REPORT

MARCH 31, 2004

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>READING TOWNSHIP</b>	County <b>HILLSDALE</b>
Audit Date <b>3-31-04</b>	Opinion Date <b>8-4-04</b>	Date Accountant Report Submitted to State: <b>8-10-04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>		
Reports on individual federal financial assistance programs (program audits).			<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).			<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) <b>Bailey Hodshire + Company PC</b>			
Street Address <b>479 E Chicago St Box 215</b>	City <b>Jonesville</b>	State <b>MI</b>	ZIP <b>49250</b>
Accountant Signature <b>Gregory J. Bailey</b>			

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Bailey, Hodshire  
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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Supervisor and  
Members of the Township Board  
Township of Reading  
Reading, Michigan

We have audited the accompanying general purpose financial statements of the Township of Reading as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The scope of our examination did not include verification of the fund balances at April 1, 2003. Therefore, we are unable to express an opinion on the accompanying statements of fund balance.

In our opinion, except for the effect on the financial statements of the items referred to in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Reading, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Reading. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Bailey, Hodshire + Company, P.C.*

August 4, 2004  
Jonesville, Michigan

TOWNSHIP OF READING  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
MARCH 31, 2004

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Totals</u>
	<u>General Fund</u>	<u>Special Revenue</u>	<u>Current Tax Collection</u>	<u>General Fixed Assets</u>	<u>(Memo Only)</u>
<b>ASSETS</b>					
Cash & Investments	\$ 322,978	\$ 0	\$ 8,544	\$ 0	\$ 331,522
Prepaid Expenses	11,083	0	0	0	11,083
Taxes Receivable	3,998	0	0	0	3,998
Due from Other Funds	8,544	0	0	0	8,544
Land and Buildings	0	0	0	199,094	199,094
Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>31,212</u>	<u>31,212</u>
Total Assets	<u>\$ 346,603</u>	<u>\$ 0</u>	<u>\$ 8,544</u>	<u>\$ 230,306</u>	<u>\$ 585,453</u>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Liabilities:</b>					
Due to Other Funds	\$ <u>0</u>	\$ <u>0</u>	\$ <u>8,544</u>	\$ <u>0</u>	\$ <u>8,544</u>
<b>Fund Equity:</b>					
Investment in General Fixed Assets	\$ 0	\$ 0	\$ 0	\$ 230,306	\$ 230,306
<b>Fund Balance</b>					
Unreserved					
Undesignated	284,334	0	0	0	284,334
Designated	<u>62,269</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>62,269</u>
Total Fund Equity	<u>\$ 346,603</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 230,306</u>	<u>\$ 576,909</u>
Total Liabilities and Fund Equity	<u>\$ 346,603</u>	<u>\$ 0</u>	<u>\$ 8,544</u>	<u>\$ 230,306</u>	<u>\$ 585,453</u>

The accompanying notes are an integral part of this statement.

**TOWNSHIP OF READING  
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>Governmental Fund Types</u>		Totals (Memo Only)
	<u>General</u>	<u>Special Revenue</u>	
REVENUE			
Taxes	\$ 44,270	\$ 0	\$ 44,270
Tax Administration Fee	15,388	0	15,388
State Shared Revenue	121,214	0	121,214
Charges for Services	13,022	0	13,022
Franchise Fees	5,935	0	5,935
Refuse Coupons Sold	0	9,929	9,929
Cemetery Receipts	0	1,369	1,369
Interest Income	2,614	0	2,614
Miscellaneous	<u>5,030</u>	<u>0</u>	<u>5,030</u>
Total Revenue	<u>\$ 207,473</u>	<u>\$ 11,298</u>	<u>\$ 218,771</u>
EXPENDITURES			
General Government	\$ 81,202	\$ 0	\$ 81,202
Public Safety	26,636	0	26,636
Public Works	49,995	0	49,995
Sanitation	0	19,097	19,097
Cemetery	0	8,572	8,572
Recreation and Culture	<u>8,341</u>	<u>0</u>	<u>8,341</u>
Total Expenditures	<u>\$ 166,174</u>	<u>\$ 27,669</u>	<u>\$ 193,843</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 41,299</u>	<u>\$ (16,371)</u>	<u>\$ 24,928</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers - In	\$ 0	\$ 16,371	\$ 16,371
Operating Transfers - Out	<u>(16,371)</u>	<u>0</u>	<u>(16,371)</u>
Total Other Financing Sources (Uses)	<u>\$ (16,371)</u>	<u>\$ 16,371</u>	<u>\$ 0</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ 24,928</u>	<u>\$ 0</u>	<u>\$ 24,928</u>
FUND BALANCES - April 1, 2003	<u>321,675</u>	<u>0</u>	<u>321,675</u>
FUND BALANCES - March 31, 2004	<u>\$ 346,603</u>	<u>\$ 0</u>	<u>\$ 346,603</u>

The accompanying notes are an integral part of this statement.

**TOWNSHIP OF READING**  
**COMBINED STATEMENT OF REVENUE, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL AND SPECIAL REVENUE FUND TYPES**  
**FOR THE YEAR ENDED MARCH 31, 2004**

	GENERAL FUND		
	Budget	Actual	Over (Under) Budget
REVENUE	\$ 37,000	\$ 44,270	\$ 7,270
Taxes	12,000	15,388	3,388
Tax Administration Fee	100,000	121,214	21,214
State Shared Revenue	4,200	13,022	8,822
Charges for Services	3,800	5,935	2,135
Franchise Fees	0	0	0
Refuse Coupons Sold	0	0	0
Cemetery Receipts	1,000	2,614	1,614
Interest Income	0	5,030	5,030
Miscellaneous			
Total Revenues	<u>\$ 158,000</u>	<u>\$ 207,473</u>	<u>\$ 49,473</u>
EXPENDITURES	\$ 141,500	\$ 81,202	\$ (60,298)
General Government	37,000	26,636	(10,364)
Public Safety	115,500	49,995	(65,505)
Public Works	0	0	0
Sanitation	0	0	0
Cemetery	12,500	8,341	(4,159)
Recreation and Culture	11,500	0	(11,500)
Contingency			
Total Expenditures	<u>\$ 318,000</u>	<u>\$ 166,174</u>	<u>\$(151,826)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$(160,000)</u>	<u>\$ 41,299</u>	<u>\$ 201,299</u>
OTHER FINANCING SOURCES (USES)	\$ 0	\$ 0	\$ 0
Operating Transfers - In	(26,000)	(16,371)	9,629
Operating Transfers - Out			
Total Other Financing Sources (Uses)	<u>\$ (26,000)</u>	<u>\$ (16,371)</u>	<u>\$ 9,629</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$(186,000)</u>	<u>\$ 24,928</u>	<u>\$ 210,928</u>
FUND BALANCES - April 1, 2003	<u>321,675</u>	<u>321,675</u>	<u>0</u>
FUND BALANCES - March 31, 2004	<u>\$ 135,675</u>	<u>\$ 346,603</u>	<u>\$ 210,928</u>

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUNDS			TOTAL (MEMO ONLY)		
Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
\$ 0	\$ 0	\$ 0	\$ 37,000	\$ 44,270	\$ 7,270
0	0	0	12,000	15,388	3,388
0	0	0	100,000	121,214	21,214
0	0	0	4,200	13,022	8,822
0	0	0	3,800	5,935	2,135
9,929	9,929	0	9,929	9,929	0
1,369	1,369	0	1,369	1,369	0
0	0	0	1,000	2,614	1,614
0	0	0	0	5,030	5,030
<u>\$ 11,298</u>	<u>\$ 11,298</u>	<u>\$ 0</u>	<u>\$ 169,298</u>	<u>\$ 218,771</u>	<u>\$ 49,473</u>
\$ 0	\$ 0	\$ 0	\$ 141,500	\$ 81,202	\$ (60,298)
0	0	0	37,000	26,636	(10,364)
0	0	0	115,500	49,995	(65,505)
19,097	19,097	0	19,097	19,097	0
8,572	8,572	0	8,572	8,572	0
0	0	0	12,500	8,341	(4,159)
0	0	0	11,500	0	(11,500)
<u>\$ 27,669</u>	<u>\$ 27,669</u>	<u>\$ 0</u>	<u>\$ 345,669</u>	<u>\$ 193,843</u>	<u>\$(151,826)</u>
<u>\$ (16,371)</u>	<u>\$ (16,371)</u>	<u>\$ 0</u>	<u>\$(176,371)</u>	<u>\$ 24,928</u>	<u>\$ 201,299</u>
\$ 16,371	\$ 16,371	\$ 0	\$ 16,371	\$ 16,371	\$ 0
0	0	0	(26,000)	(16,371)	9,629
<u>\$ 16,371</u>	<u>\$ 16,371</u>	<u>\$ 0</u>	<u>\$ (9,629)</u>	<u>\$ 0</u>	<u>\$ 9,629</u>
\$ 0	\$ 0	\$ 0	\$(186,000)	\$ 24,928	\$ 210,928
0	0	0	321,675	321,675	0
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 135,675</u>	<u>\$ 346,603</u>	<u>\$ 210,928</u>

The accompanying notes are an integral part of this statement.



TOWNSHIP OF READING  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Township of Reading is located in Hillsdale County, Michigan, and comprises a population of approximately 1,768 residents. It is governed by a board consisting of 5 members with a supervisor as its head. As required by generally accepted accounting principles, these financial statements present all fund types and account groups that are controlled by or dependent on the Township Board of Trustees. Accordingly, this report does not include the financial statements of the Reading Community Fire Department, which operates as a joint venture with the City of Reading.

Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The various funds and account groups of the Township of Reading are as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

Fiduciary Funds

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

General Long-Term Debt Group of Accounts - This account group presents fixed assets of the Township utilized in its general operations.

Total columns on the combined statements are captioned "memo only" to indicate that they are presented only to aid in financial analysis. Interfund eliminations have not been made in the aggregation of this data; therefore it is not comparable to a consolidation.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types are presented using the flow of current financial resources measurement focus. With this measurement focus, operating statements present increases and decreases in net current assets, and unreserved fund balance is a measure of available spendable resources.

The governmental fund types use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when susceptible to accrual (i.e. when they are

TOWNSHIP OF READING  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

"measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Township considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

Property taxes, State revenue sharing, and interest are susceptible to accrual. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Other receipts become measurable and available when cash is received by the Township and are recognized as revenue at that time.

Budgetary Data

The Township adopted budgets for the General Fund and Special Revenue Funds on the modified accrual basis. Once approved, the Township Board may amend the legally adopted budgets when unexpected modifications are required in estimated revenues and appropriations. Encumbrance accounting is not used, and all annual appropriations lapse at fiscal year-end. The amended budgets are presented in these financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Assets, Liabilities, and Fund Equity

Cash and investments are reported at cost.

Fixed assets are accounted for at cost or if the cost is not practicably determinable, at estimated cost. Donated fixed assets are recorded at their estimated fair value at the time received. Assets in the general fixed assets account group are not depreciated. The Township has elected not to report public domain or infrastructure assets that are immovable and of value only to the Township government.

Revenue and Expenditures

Property tax revenue is normally recognized in the amount for which taxes have been levied.

2. CASH AND INVESTMENTS

Following are the components of the Township's bank deposits at March 31, 2004:

Checking Accounts	\$ 26,333
Savings Accounts	<u>305,189</u>
Total	<u>\$ 331,522</u>

The carrying amount of the Township's bank deposits was \$331,522 and the bank's balance was \$338,305 at March 31, 2004. Of the total bank balance, \$100,000 was covered by federal depository insurance and \$238,305 was uninsured.

TOWNSHIP OF READING  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

2. CASH AND INVESTMENTS (continued)

State statutes authorize the Township to invest funds in one or more of the following: (a) bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States; (b) certificates of deposit, savings accounts, deposit accounts, or depository receipts of a Federally insured financial institution which maintains a principal office or branch office in the state of Michigan; (c) commercial paper rated within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase; (d) United States government or Federal agency obligation repurchase agreements; (e) banker's acceptance of United States banks; (f) obligations of the state of Michigan or any of its political subdivisions that are rated as investment grade by not less than one standard rating service; (g) mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles which are legal for investment by a public corporation; (h) obligations described above if purchased through an interlocal agreement under the Urban Cooperations Act of 1967; (i) investment pools organized under the Surplus Funds Investment Pool Act, 1982; (j) investment pools organized under the Local Government Investment Pool Act, 1985. As of March 31, 2004, the Township's investments are in accordance with statutory authority.

3. PROPERTY TAXES

Real estate and personal property taxes are recorded as revenue in an amount equal to the total taxes levied. There are no provisions made for possible uncollectible taxes. The total levy for 2003 was .7413 mills on a total state taxable valuation of \$56,864,349. The Township properties are assessed as of December 31 (the lien date), taxes levied December 1 of the succeeding year and due without interest to March 1. After March 1, the delinquent taxes real portion are turned over to the County Treasurer for collection. The personal properties continue to be collectible by the Township Treasurer.

4. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets is as follows:

	Balance 4/1/03	Additions	Deletions	Balance 3/31/04
Land	\$ 133,081	\$ 0	\$ 0	\$ 133,081
Buildings	66,013	0	0	66,013
Equipment	<u>31,212</u>	<u>0</u>	<u>0</u>	<u>31,212</u>
	<u>\$ 230,306</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 230,306</u>

5. DEFERRED COMPENSATION PLAN

On June 10, 1991, the Township of Reading adopted and implemented an Employee Deferred Compensation Plan with the Lincoln National Life Insurance Company. This plan covers each person within the following classes of officers and employees: all members of the township board and any employee who is willing to meet the requirements of the plan. Specifically excluded from participation in the plan are independent contractors.

TOWNSHIP OF READING  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

5. DEFERRED COMPENSATION PLAN (continued)

The Township of Reading contributes a percentage of all wages and salaries towards a qualified annuity or pension contract for each person within the class of officers and employees enumerated in the plan. This percentage of Township contribution is determined by the Township Board prior to the anniversary date of the plan each year. Any change to this rate of participation must have been approved at the most recent annual meeting of the Township. The percentage shall never exceed 7.5%. The Township's contributions are secured from the general fund of the Township. Each eligible officer or employee is responsible for the remainder of the premium, charges, or minimum required contribution, and the Township Treasurer is authorized to deduct these amounts from each person's pay, salary, or compensation.

6. UNEMPLOYMENT TAXES

The Township is a reimbursing employer to the Michigan Unemployment Insurance Agency and as such is responsible to pay the Agency for those benefits paid and charged to its account. As of March 31, appropriate liabilities have been recorded for all claims paid by the Agency. However, no provision has been made for future payments that might result from claims in process or unfilled.

7. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payables balances as of March 31, 2004 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 8,544	Current Tax	\$ 8,544

8. DESIGNATION OF FUND EQUITY

Designations of equity are used to show the amount within unreserved equity which are intended to be used for specific purposes, but are not legally restricted. Designated equity in the General Fund is intended for the following purposes:

<u>3-31-02 Amount</u>	<u>Purpose</u>
\$ 28,642	Major fire equipment purchases
33,627	Assessing and tax collection

9. RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Township has purchased commercial insurance for claims relating to general liability, excess liability, auto liability, errors and omissions, physical damage (equipment, buildings and contents), workers compensation, and other appropriate coverages. There has been no significant reduction in insurance coverages, and settled claims have not exceeded the amount of insurance coverage in any of the past 3 years.

TOWNSHIP OF READING  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

10. JOINT VENTURE

The Township is a participant in a joint venture agreement with the City of Reading for the operation of Reading Community Fire Department. The Township and City each appoint two members of the four-member Fire board which oversees the operations. The Township and City each have a 50 percent in the venture, with each entity having provided an agreed-upon equal initial investment of firefighting equipment and a firebarn as existed in 1973. Fire service may be provided to other governmental units on a contract basis, but all expenses incurred in the operation of the fire department are borne equally by the Township and City. Complete separate financial statements may be obtained at Reading Community Fire Department, 200 E. Michigan St., Reading, MI 49274, or at the Reading Township Hall

11. COMMITMENTS

In February, 2004, the Township Board authorized its representatives on the Reading Community Fire Department Board to sign a contract for a new \$218,956 fire truck. The Board also authorized the borrowing of up to \$100,000 from County National Bank to help pay for the Township's 50% share. A final decision on the amount to be financed will take place in fiscal year 2004-05, upon completion and delivery of the new truck.

12. SUBSEQUENT EVENTS

In April, 2004, the Board approved an \$83,750 contract with the Hillsdale County Road Commission to finish Quackenbush Road. This work will be completed in the 2004-05 fiscal year.

SUPPLEMENTARY INFORMATION

TOWNSHIP OF READING  
STATEMENT OF GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED MARCH 31, 2004

GENERAL GOVERNMENT

Legislative Board		
Salaries	\$ 3,000	
Township Contribution - Qualified Plan	93	
Payroll Taxes	138	
Professional Fees	1,687	
Printing and Publishing	120	
Insurance and Bonds	7,879	
Miscellaneous	<u>23</u>	
Total Legislative Board		\$ 12,940
Supervisor		
Salaries	\$ 6,300	
Township Contribution - Qualified Plan	<u>391</u>	
Total Supervisor		6,691
Elections		
Supplies	\$ <u>317</u>	
Total Elections		317
Assessor		
Contract Services	\$ 16,382	
Supplies	<u>1,726</u>	
Total Assessor		18,108
Clerk		
Salaries	\$ 10,000	
Township Contribution - Qualified Plan	620	
Supplies	<u>452</u>	
Total Clerk		11,072
Board of Review		
Salaries	\$ 514	
Payroll Taxes	39	
Supplies	60	
Printing and Publishing	<u>53</u>	
Total Board of Review		666
Data Processing		
Repairs and Maintenance	\$ 329	
Equipment	<u>151</u>	
Total Data Processing		480
Treasurer		
Salaries	\$ 12,000	
Township Contribution - Qualified Plan	744	

The accompanying notes are an integral part of this statement.

TOWNSHIP OF READING  
STATEMENT OF GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED MARCH 31, 2004 (continued)

GENERAL GOVERNMENT (continued)

Treasurer (continued)		
Payroll Taxes	\$ 179	
Supplies	2,430	
Professional Fees	400	
Outside Service	<u>3,861</u>	
Total Treasurer		\$ 19,614
Township Hall		
Outside Service	\$ 1,185	
Telephone	572	
Utilities	1,165	
Supplies	346	
Miscellaneous	<u>65</u>	
Total Township Hall		3,333
Planning Commission		
Salaries	\$ 6,000	
Township Contribution - Qualified Plan	372	
Payroll Taxes	87	
Supplies	4	
Professional Fees	787	
Printing and Publishing	<u>731</u>	
Total Planning Commission		<u>7,981</u>
TOTAL GENERAL GOVERNMENT		\$ 81,202

PUBLIC SAFETY

Fire Department		
Outside Service	\$ 300	
Contribution to Reading Community Fire Department	<u>26,336</u>	
TOTAL PUBLIC SAFETY		26,636

PUBLIC WORKS

Roads	\$ 47,684	
Drains	776	
Street Lighting	<u>1,535</u>	
TOTAL PUBLIC WORKS		49,995

RECREATION AND CULTURE

Library	<u>8,341</u>	
TOTAL RECREATION AND CULTURE		<u>8,341</u>
TOTAL EXPENDITURES		<u>\$ 166,174</u>

The accompanying notes are an integral part of this statement.



TOWNSHIP OF READING  
COMBINING STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED MARCH 31, 2004

	Township Cemetery Fund	Transfer Station Fund	Total (Memo Only)
REVENUE			
Refuse Coupons Sold	\$ 0	\$ 9,929	\$ 9,929
Cemetery Receipts	<u>1,369</u>	<u>0</u>	<u>1,369</u>
Total Revenue	<u>\$ 1,369</u>	<u>\$ 9,929</u>	<u>\$ 11,298</u>
EXPENDITURES			
Salaries	\$ 2,700	\$ 2,808	\$ 5,508
Township Share - Qualified Plan	168	174	342
Payroll Taxes	0	41	41
Outside Service	5,229	15,313	20,542
Supplies	217	0	217
Insurance and Bonds	258	111	369
Rent	<u>0</u>	<u>650</u>	<u>650</u>
Total Expenditures	<u>\$ 8,572</u>	<u>\$ 19,097</u>	<u>\$ 27,669</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (7,203)</u>	<u>\$ (9,168)</u>	<u>\$ (16,371)</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers - In	<u>\$ 7,203</u>	<u>\$ 9,168</u>	<u>\$ 16,371</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 0	\$ 0	\$ 0
FUND BALANCES - April 1, 2003	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES - March 31, 2004	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF READING  
STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
TOWNSHIP CEMETERY FUND  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUE			
Cemetery Receipts	\$ <u>1,369</u>	\$ <u>1,369</u>	\$ <u>0</u>
EXPENDITURES			
Salaries	\$ 2,700	\$ 2,700	\$ 0
Township Share - Qualified Plan	168	168	0
Outside Service	5,229	5,229	0
Supplies	217	217	0
Insurance and Bonds	<u>258</u>	<u>258</u>	<u>0</u>
Total Expenditures	\$ <u>8,572</u>	\$ <u>8,572</u>	\$ <u>0</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$ <u>(7,203)</u>	\$ <u>(7,203)</u>	\$ <u>0</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers - In	\$ <u>7,203</u>	\$ <u>7,203</u>	\$ <u>0</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 0	\$ 0	\$ 0
FUND BALANCE - April 1, 2003	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE - March 31, 2004	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF READING  
STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
TRANSFER STATION FUND  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUE			
Refuse Coupons Sold	\$ 9,929	\$ 9,929	\$ 0
EXPENDITURES			
Salaries	\$ 2,808	\$ 2,808	\$ 0
Township Share - Qualified Plan	174	174	0
Payroll Taxes	41	41	0
Outside Service	15,313	15,313	0
Insurance and Bonds	111	111	0
Rent	650	650	0
Total Expenditures	\$ 19,097	\$ 19,097	\$ 0
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$ (9,168)	\$ (9,168)	\$ 0
OTHER FINANCING SOURCES			
Operating Transfers - In	\$ 9,168	\$ 9,168	\$ 0
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 0	\$ 0	\$ 0
FUND BALANCE - April 1, 2003	0	0	0
FUND BALANCE - March 31, 2004	\$ 0	\$ 0	\$ 0

The accompanying notes are an integral part of this statement.

TOWNSHIP OF READING  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
CURRENT TAX COLLECTION FUND  
FOR THE YEAR ENDED MARCH 31, 2004

	Balance April 1, 2003	Additions	Deductions	Balance March 31, 2004
ASSETS				
Cash	\$ 8,239	\$ 1,467,359	\$ 1,467,054	\$ 8,544
LIABILITIES				
Due to Other Funds	\$ 8,239	\$ 60,947	\$ 60,642	\$ 8,544
Due to County	0	609,964	609,964	0
Due to School	0	592,553	592,553	0
Due to I.S.D.	0	203,895	203,895	0
	\$ 8,239	\$ 1,467,359	\$ 1,467,054	\$ 8,544

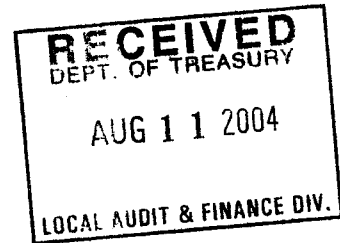
The accompanying notes are an integral part of this statement.

Bailey, Hodshire  
& Company, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

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August 4, 2004



To the Supervisor and  
Members of the Township Board  
Township of Reading

In connection with our audit of the Township of Reading for the year ended March 31, 2004, we would like to make the following comments and recommendations:

1. In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement). Certain of the significant changes in the Statement include the following:

For the first time the financial statements will include:

A Management Discussion and Analysis (MD&A) section providing an Analysis of the Township's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the township's activities, including reporting infrastructure assets (roads, bridges, etc.).

The general provisions of GASB No. 34 apply to the Township of Reading for the fiscal year ending March 31, 2005; however that is a "non-audit" year, so the requirements should be implemented in the following year.

If we can be of assistance regarding these recommendations, please contact our office.

Respectfully,

*Bailey, Hodshire & Company, P.C.*

Bailey, Hodshire & Company, P.C.  
Certified Public Accountants